



Senate

General Assembly

File No. 690

January Session, 2001

Substitute Senate Bill No. 1152

Senate, May 9, 2001

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT INCREASING CERTAIN BOND AUTHORIZATIONS FOR
CAPITAL IMPROVEMENTS AND CONCERNING CERTAIN
UNEXPENDED BOND PROCEEDS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsections (a) and (b) of section 4-66c of the general
2 statutes are repealed and the following is substituted in lieu thereof:

3 (a) For the purposes of subsection (b) of this section, the State Bond
4 Commission shall have power, from time to time, to authorize the
5 issuance of bonds of the state in one or more series and in principal
6 amounts not exceeding in the aggregate [six hundred sixty-nine
7 million six hundred ninety-five thousand nine hundred two] nine
8 hundred thirty-three million six hundred ninety-five thousand nine
9 hundred two dollars, provided [one hundred thirty million] one
10 hundred thirty-two million dollars of said authorization shall be
11 effective July 1, [2000] 2002. All provisions of section 3-20, or the
12 exercise of any right or power granted thereby, which are not

13 inconsistent with the provisions of this section, are hereby adopted
14 and shall apply to all bonds authorized by the State Bond Commission
15 pursuant to this section, and temporary notes in anticipation of the
16 money to be derived from the sale of any such bonds so authorized
17 may be issued in accordance with said section 3-20 and from time to
18 time renewed. Such bonds shall mature at such time or times not
19 exceeding twenty years from their respective dates as may be provided
20 in or pursuant to the resolution or resolutions of the State Bond
21 Commission authorizing such bonds. None of said bonds shall be
22 authorized except upon a finding by the State Bond Commission that
23 there has been filed with it a request for such authorization, which is
24 signed by or on behalf of the Secretary of the Office of Policy and
25 Management and states such terms and conditions as said commission
26 in its discretion may require. Said bonds issued pursuant to this
27 section shall be general obligations of the state and the full faith and
28 credit of the state of Connecticut are pledged for the payment of the
29 principal of and interest on said bonds as the same become due, and
30 accordingly as part of the contract of the state with the holders of said
31 bonds, appropriation of all amounts necessary for punctual payment
32 of such principal and interest is hereby made, and the Treasurer shall
33 pay such principal and interest as the same become due.

34 (b) The proceeds of the sale of said bonds, to the extent hereinafter
35 stated, shall be used, subject to the provisions of subsections (c) and (d)
36 of this section, for the purpose of redirecting, improving and
37 expanding state activities which promote community conservation and
38 development and improve the quality of life for urban residents of the
39 state as hereinafter stated: (1) For the Department of Economic and
40 Community Development: Economic and community development
41 projects, including administrative costs incurred by the Department of
42 Economic and Community Development, not exceeding [seventy-
43 seven million three hundred thousand] eighty-one million three
44 hundred thousand dollars, one million dollars of which shall be used
45 for a grant to the development center program and the nonprofit

46 business consortium deployment center approved pursuant to section
47 32-411 provided [five million] two million dollars of said authorization
48 shall be effective July 1, [2000] 2002; (2) for the Department of
49 Transportation: Urban mass transit, not exceeding two million dollars;
50 (3) for the Department of Environmental Protection: Recreation
51 development and solid waste disposal projects, not exceeding one
52 million nine hundred ninety-five thousand nine hundred two dollars;
53 (4) for the Department of Social Services: Child day care projects,
54 elderly centers, shelter facilities for victims of domestic violence,
55 emergency shelters and related facilities for the homeless,
56 multipurpose human resource centers and food distribution facilities,
57 not exceeding thirty-nine million one hundred thousand dollars,
58 provided four million dollars of said authorization shall be effective
59 July 1, 1994; (5) for the Department of Economic and Community
60 Development: Housing projects, not exceeding three million dollars;
61 (6) for the Office of Policy and Management: (A) Grants-in-aid to
62 municipalities for a pilot demonstration program to leverage private
63 contributions for redevelopment of designated historic preservation
64 areas, not exceeding one million dollars; (B) grants-in-aid for urban
65 development projects including economic and community
66 development, transportation, environmental protection, public safety,
67 children and families and social services projects and programs,
68 including, in the case of economic and community development
69 projects administered on behalf of the Office of Policy and
70 Management by the Department of Economic and Community
71 Development, administrative costs incurred by the Department of
72 Economic and Community Development, not exceeding [five hundred
73 forty-five million three hundred thousand] eight hundred five million
74 three hundred thousand dollars, provided [one hundred twenty-five
75 million] one hundred thirty million dollars of said authorization shall
76 be effective July 1, [2000] 2002. Five million dollars of the grants-in-aid
77 authorized in subparagraph (B) of subdivision (6) of this subsection
78 may be made available to private nonprofit organizations for the

79 purposes described in said subparagraph (B). Five million dollars of
80 the grants-in-aid authorized in subparagraph (B) of subdivision (6) of
81 this subsection may be made available for necessary renovations and
82 improvements of libraries.

83 Sec. 2. Subsection (a) of section 4a-10 of the general statutes is
84 repealed and the following is substituted in lieu thereof:

85 (a) For the purposes described in subsection (b) of this section, the
86 State Bond Commission shall have the power, from time to time, to
87 authorize the issuance of bonds of the state in one or more series and
88 in principal amounts not exceeding in the aggregate [one hundred
89 eighty-nine million five hundred thousand] two hundred twenty-
90 seven million five hundred thousand dollars, provided [twenty-one
91 million] seventeen million dollars of said authorization shall be
92 effective July 1, [2000] 2002.

93 Sec. 3. Subsection (a) of section 7-538 of the general statutes is
94 repealed and the following is substituted in lieu thereof:

95 (a) For the purposes described in subsection (b) of this section, the
96 State Bond Commission shall have the power, from time to time, to
97 authorize the issuance of bonds of the state in one or more series and
98 in principal amounts not exceeding in the aggregate [four hundred ten
99 million] four hundred seventy million dollars, provided thirty million
100 dollars of said authorization shall be effective July 1, [2000] 2002.

101 Sec. 4. Section 10-287d of the general statutes is repealed and the
102 following is substituted in lieu thereof:

103 For the purposes of funding (1) grants to projects that have received
104 approval of the State Board of Education pursuant to sections 10-287
105 and 10-287a, subsection (a) of section 10-65 and section 10-76e, (2)
106 grants to assist school building projects to remedy safety and health
107 violations and damage from fire and catastrophe, and (3) regional

108 vocational-technical school projects pursuant to section 10-283b, the
109 State Treasurer is authorized and directed, subject to and in
110 accordance with the provisions of section 3-20, to issue bonds of the
111 state from time to time in one or more series in an aggregate amount
112 not exceeding [two billion five hundred sixty-five million three
113 hundred sixty thousand] three billion three hundred four million three
114 hundred sixty thousand dollars, provided [three hundred ninety-three
115 million] five hundred seventy-two million dollars of said authorization
116 shall be effective July 1, [2000] 2002. Bonds of each series shall bear
117 such date or dates and mature at such time or times not exceeding
118 thirty years from their respective dates and be subject to such
119 redemption privileges, with or without premium, as may be fixed by
120 the State Bond Commission. They shall be sold at not less than par and
121 accrued interest and the full faith and credit of the state is pledged for
122 the payment of the interest thereon and the principal thereof as the
123 same shall become due, and accordingly and as part of the contract of
124 the state with the holders of said bonds, appropriation of all amounts
125 necessary for punctual payment of such principal and interest is
126 hereby made, and the State Treasurer shall pay such principal and
127 interest as the same become due. The State Treasurer is authorized to
128 invest temporarily in direct obligations of the United States, United
129 States agency obligations, certificates of deposit, commercial paper or
130 bank acceptances such portion of the proceeds of such bonds or of any
131 notes issued in anticipation thereof as may be deemed available for
132 such purpose.

133 Sec. 5. Section 22-26hh of the general statutes is repealed and the
134 following is substituted in lieu thereof:

135 The State Bond Commission shall have power, from time to time, to
136 authorize the issuance of bonds of the state in one or more series and
137 in principal amounts not exceeding in the aggregate [eighty-three
138 million seven hundred fifty thousand] eighty-five million seven
139 hundred fifty thousand dollars, the proceeds of which shall be used

140 [by the Commissioner of Agriculture] for the purposes of [this chapter]
141 section 22-26dd, provided not more than one million dollars of said
142 authorization shall be effective July 1, 2002, and further provided not
143 more than two million dollars shall be used for the purposes of section
144 22-26jj. All provisions of section 3-20, or the exercise of any right or
145 power granted thereby which are not inconsistent with the provisions
146 of this section are hereby adopted and shall apply to all bonds
147 authorized by the State Bond Commission pursuant to this section, and
148 temporary notes in anticipation of the money to be derived from the
149 sale of any such bonds so authorized may be issued in accordance with
150 said section 3-20 and from time to time renewed. Such bonds shall
151 mature at such time or times not exceeding twenty years from their
152 respective dates as may be provided in or pursuant to the resolution or
153 resolutions of the State Bond Commission authorizing such bonds.
154 None of said bonds shall be authorized except upon a finding by the
155 State Bond Commission that there has been filed with it a request for
156 such authorization, which is signed by or on behalf of the Secretary of
157 the Office of Policy and Management and states such terms and
158 conditions as said commission, in its discretion, may require. Said
159 bonds issued pursuant to this section shall be general obligations of the
160 state and the full faith and credit of the state of Connecticut are
161 pledged for the payment of the principal of and interest on said bonds
162 as the same become due, and accordingly and as part of the contract of
163 the state with the holders of said bonds, appropriation of all amounts
164 necessary for punctual payment of such principal and interest is
165 hereby made, and the Treasurer shall pay such principal and interest
166 as the same become due.

167 Sec. 6. Subsection (a) of section 22a-483 of the general statutes is
168 repealed and the following is substituted in lieu thereof:

169 (a) For the purposes of sections 22a-475 to 22a-483, inclusive, the
170 State Bond Commission shall have the power, from time to time, to
171 authorize the issuance of bonds of the state in one or more series and

172 in principal amounts, not exceeding in the aggregate [seven hundred
173 seventeen million eight hundred thirty thousand] seven hundred
174 ninety-seven million eight hundred thirty thousand dollars, provided
175 [fifty-three million one hundred thousand] forty million dollars of said
176 authorization shall be effective July 1, [2000] 2002.

177 Sec. 7. Subsection (d) of section 22a-483 of the general statutes is
178 repealed and the following is substituted in lieu thereof:

179 (d) Notwithstanding the foregoing, nothing herein shall preclude
180 the State Bond Commission from authorizing the issuance of revenue
181 bonds, in principal amounts not exceeding in the aggregate [nine
182 hundred ninety-nine million four hundred thousand] one billion two
183 hundred thirty-eight million four hundred thousand dollars, provided
184 [sixty-six million nine hundred thousand] one hundred fifty-eight
185 million dollars of said authorization shall be effective July 1, [2000]
186 2002, that are not general obligations of the state of Connecticut to
187 which the full faith and credit of the state of Connecticut are pledged
188 for the payment of the principal and interest. Such revenue bonds shall
189 mature at such time or times not exceeding thirty years from their
190 respective dates as may be provided in or pursuant to the resolution or
191 resolutions of the State Bond Commission authorizing such revenue
192 bonds. The revenue bonds, revenue state bond anticipation notes and
193 revenue state grant anticipation notes authorized to be issued under
194 sections 22a-475 to 22a-483, inclusive, shall be special obligations of the
195 state and shall not be payable from nor charged upon any funds other
196 than the revenues or other receipts, funds or moneys pledged therefor
197 as provided in said sections 22a-475 to 22a-483, inclusive, including the
198 repayment of municipal loan obligations; nor shall the state or any
199 political subdivision thereof be subject to any liability thereon except
200 to the extent of such pledged revenues or the receipts, funds or
201 moneys pledged therefor as provided in said sections 22a-475 to
202 22a-483, inclusive. The issuance of revenue bonds, revenue state bond
203 anticipation notes and revenue state grant anticipation notes under the

204 provisions of said sections 22a-475 to 22a-483, inclusive, shall not
205 directly or indirectly or contingently obligate the state or any political
206 subdivision thereof to levy or to pledge any form of taxation whatever
207 therefor or to make any appropriation for their payment. The revenue
208 bonds, revenue state bond anticipation notes and revenue state grant
209 anticipation notes shall not constitute a charge, lien or encumbrance,
210 legal or equitable, upon any property of the state or of any political
211 subdivision thereof, except the property mortgaged or otherwise
212 encumbered under the provisions and for the purposes of said sections
213 22a-475 to 22a-483, inclusive. The substance of such limitation shall be
214 plainly stated on the face of each revenue bond, revenue state bond
215 anticipation note and revenue state grant anticipation note issued
216 pursuant to said sections 22a-475 to 22a-483, inclusive, shall not be
217 subject to any statutory limitation on the indebtedness of the state and
218 such revenue bonds, revenue state bond anticipation notes and
219 revenue state grant anticipation notes, when issued, shall not be
220 included in computing the aggregate indebtedness of the state in
221 respect to and to the extent of any such limitation. As part of the
222 contract of the state with the owners of such revenue bonds, revenue
223 state bond anticipation notes and revenue state grant anticipation
224 notes, all amounts necessary for the punctual payment of the debt
225 service requirements with respect to such revenue bonds, revenue
226 state bond anticipation notes and revenue state grant anticipation
227 notes shall be deemed appropriated, but only from the sources
228 pledged pursuant to said sections 22a-475 to 22a-483, inclusive. The
229 proceeds of such revenue bonds or notes may be deposited in the
230 Clean Water Fund for use in accordance with the permitted uses of
231 such fund. Any expense incurred in connection with the carrying out
232 of the provisions of this section, including the costs of issuance of
233 revenue bonds, revenue state bond anticipation notes and revenue
234 state grant anticipation notes may be paid from the accrued interest
235 and premiums or from any other proceeds of the sale of such revenue
236 bonds, revenue state bond anticipation notes or revenue state grant

237 anticipation notes and in the same manner as other obligations of the
238 state. All provisions of subsections (g), (k), (l), (s) and (u) of section
239 3-20 or the exercise of any right or power granted thereby which are
240 not inconsistent with the provisions of said sections 22a-475 to 22a-483,
241 inclusive, are hereby adopted and shall apply to all revenue bonds,
242 state revenue bond anticipation notes and state revenue grant
243 anticipation notes authorized by the State Bond Commission pursuant
244 to said sections 22a-475 to 22a-483, inclusive. For the purposes of
245 subsection (o) of section 3-20, "bond act" shall be construed to include
246 said sections 22a-475 to 22a-483, inclusive.

247 Sec. 8. Subsection (a) of section 32-141 of the general statutes is
248 repealed and the following is substituted in lieu thereof:

249 (a) The total amount of private activity bonds which may be issued
250 by state issuers in any calendar year, under the state ceiling in effect
251 for such year, shall be allocated as follows: (1) [Forty] Sixty per cent to
252 the Connecticut Housing Finance Authority; (2) [thirty-two] fifteen per
253 cent to the Connecticut Development Authority; (3) [eighteen] fifteen
254 per cent to municipalities and political subdivisions, departments,
255 agencies, authorities and other bodies of municipalities [;] and [(4) ten
256 per cent] for contingencies; and (4) ten per cent to the Connecticut
257 Higher Education Supplemental Loan Authority. [Notwithstanding
258 the provisions of this section to the contrary, for the calendar year
259 commencing January 1, 1991, such bonds shall be allocated as follows:
260 (A) Forty per cent to the Connecticut Housing Finance Authority; (B)
261 seventeen per cent to the Connecticut Development Authority; (C)
262 eighteen per cent to municipalities and political subdivisions,
263 departments, agencies, authorities and other bodies of municipalities;
264 (D) fifteen per cent to the Connecticut Higher Educational
265 Supplemental Loan Authority; and (E) ten per cent for contingencies.]

266 Sec. 9. Section 32-142 of the general statutes is repealed and the
267 following is substituted in lieu thereof:

268 [(a) There is established a State Private Activity Bond Commission,
269 which shall consist of the Governor, the Treasurer and the Secretary of
270 the Office of Policy and Management, each of whom may designate a
271 deputy to represent him as a member at meetings of said commission,
272 with full powers to act and vote in his behalf, and the chairpersons and
273 ranking members of the joint standing committees of the General
274 Assembly having cognizance of matters relating to state finance,
275 revenue and bonding, planning and development and commerce and
276 exportation, each of whom may designate another member of the
277 respective joint standing committees, who is not a member of the State
278 Private Activity Bond Commission, to represent him as a member at
279 meetings of said commission, with full powers to act and vote in his
280 behalf. The members of said commission shall serve without
281 compensation.

282 (b) The Governor shall serve as chairman of the commission and the
283 Secretary of the Office of Policy and Management shall serve as
284 secretary and be responsible for keeping complete records of the
285 commission, including minutes certified by him of any meeting
286 showing the adoption of any resolution by the commission and other
287 actions taken by and documents filed with the commission, and such
288 records shall be the official records of the proceedings of said
289 commission and shall be maintained in the office of the Secretary of the
290 Office of Policy and Management and open for public inspection. The
291 commission shall meet at such times as the Governor designates but
292 not less often than once each year. The Secretary of the Office of Policy
293 and Management shall furnish an agenda for each meeting to the
294 members of the commission and to the Office of Fiscal Analysis seven
295 days or more prior to the meeting.]

296 (a) The State Bond Commission, established under section 3-20 shall
297 have all powers and duties related to any and all matters concerning
298 private activity bonds, as defined in section 32-140.

299 [(c)] (b) When the General Assembly is not in regular or special
300 session, the State [Private Activity] Bond Commission may, for the
301 then existing calendar year only, in response to a recommendation
302 from the Governor or on its own initiative, modify any private activity
303 bond allocation established under section 32-141 upon determining
304 that such action would be in the best interests of the state. The
305 commission may conduct a public hearing before making any such
306 modification.

307 [(d) Not later than February tenth, annually, the State Private
308 Activity Bond Commission shall submit to the General Assembly a
309 report on any action taken since the end of the preceding regular
310 session of the General Assembly. On and after October 1, 1996, the
311 report shall be submitted to the joint standing committees of the
312 General Assembly having cognizance of matters relating to state
313 finance, revenue and bonding, planning and development and
314 commerce and, upon request, to any member of the General Assembly.
315 A summary of the report shall be submitted to each member of the
316 General Assembly if the summary is two pages or less and a
317 notification of the report shall be submitted to each member if the
318 summary is more than two pages. Submission shall be by mailing the
319 report, summary or notification to the legislative address of each
320 member of the committees or the General Assembly, as applicable.]

321 Sec. 10. Subsection (a) of section 32-235 of the general statutes is
322 repealed and the following is substituted in lieu thereof:

323 (a) For the purposes described in subsection (b) of this section the
324 State Bond Commission shall have the power, from time to time, to
325 authorize the issuance of bonds of the state in one or more series and
326 in principal amounts not exceeding in the aggregate [four hundred
327 sixty-five million three hundred thousand] five hundred twenty-five
328 million three hundred thousand dollars, provided [one hundred one
329 million] thirty million dollars of said authorization shall be effective on

330 July 1, [2000] 2002.

331 Sec. 11. (NEW) It is found and declared that the state's management
332 of its workers' compensation program can be improved by reducing
333 the workers' compensation program's current administrative activities
334 and support requirements and by improving the program's current
335 fiscal status, that a loss portfolio arrangement can be used to enhance
336 the overall effectiveness of the state's workers' compensation program,
337 and therefore, it is necessary and in the public interest and for the
338 public good that the provisions of sections 12 and 13 of this act are
339 hereby declared a matter of legislative determination.

340 Sec. 12. (NEW) The Commissioner of Administrative Services is
341 authorized to enter into a loss portfolio arrangement program for the
342 purpose of transferring a group of workers' compensation claims to an
343 independent third party. Claims that qualify for transfer to such
344 program shall be approved state employees' claims which require
345 payment of future indemnity benefits and payment of medical benefits
346 to certain disabled workers. Such program shall provide that the
347 independent third party shall, as part of the assumption of liability,
348 become responsible for the management and administration of the
349 transferred liability and shall require such party to administer the
350 individual workers' compensation claims in accordance with the
351 Connecticut general statutes.

352 Sec. 13. (NEW) (a) The State Bond Commission shall have power, in
353 accordance with the provisions of this section, from time to time, to
354 authorize the issuance and sale of bonds of the state in one or more
355 series and in principal amounts in the aggregate, not exceeding eighty
356 million dollars.

357 (b) The proceeds of the sale of said bonds shall be used for the
358 purposes of a loss portfolio arrangement program entered into by the
359 Commissioner of Administrative Services pursuant to section 12 of this
360 act.

361 (c) All provisions of section 3-20 of the general statutes or the
362 exercise of any right or power granted thereby which are not
363 inconsistent with the provisions of this section are hereby adopted and
364 shall apply to all bonds authorized by the State Bond Commission
365 pursuant to this section and temporary notes in anticipation of the
366 money to be derived from the sale of any such bonds so authorized
367 may be issued in accordance with said section 3-20 of the general
368 statutes and from time to time renewed. Such bonds shall mature at
369 such time or times not exceeding ten years from their respective dates
370 as may be provided in or pursuant to the resolution or resolutions of
371 the State Bond Commission authorizing such bonds.

372 (d) None of said bonds shall be authorized except upon a finding by
373 the State Bond Commission that there has been filed with it a request
374 for such authorization, which is signed by the Secretary of the Office of
375 Policy and Management and stating such terms and conditions as said
376 commission, in its discretion, may require.

377 (e) For the purposes of this section "state moneys", means the
378 proceeds of the sale of bonds authorized pursuant to this section or of
379 temporary notes issued in anticipation of the moneys to be derived
380 from the sale of such bonds. Each request filed as provided in
381 subsection (d) of this section for an authorization of bonds shall
382 identify the purpose for which the proceeds of the sale of such bonds
383 are to be used and expended.

384 (f) Any balance of proceeds from the sale of said bonds authorized
385 for the purposes of subsection (b) of this section in excess of the
386 aggregate costs of the purposes so authorized shall be deposited in the
387 General Fund.

388 (g) Net earnings on investment of proceeds, accrued interest and
389 premiums on the issuance of any such bonds authorized for the
390 purposes of subsection (b) of this section, after payment of expenses
391 incurred by the State Treasurer or State Bond Commission in

392 connection with their issuance, if any, shall be used for the purposes
393 described in said subsection (b).

394 Sec. 14. (NEW) Any payment to the state as a settlement of litigation
395 relative to financing secured by a special Capital Reserve Fund shall be
396 credited to the debt retirement reserve account and available to the
397 State Treasurer for the purpose of preventing a draw on a special
398 Capital Reserve Fund.

399 Sec. 15. Subsection (k) of section 4b-55 of the general statutes is
400 repealed and the following is substituted in lieu thereof:

401 (k) "Connecticut Juvenile Training School project" means a project
402 (1) to develop on a designated site new facilities for a Connecticut
403 Juvenile Training School in Middletown including, but not limited to,
404 preparing a feasibility study for, designing, constructing,
405 reconstructing, improving or equipping said facility for use by the
406 Department of Children and Families, which is an emergency project
407 because there is an immediate need for completion of said project to
408 remedy overcrowding at Long Lane School; [. Said] said school shall
409 have an annual average daily population of not more than two
410 hundred forty residents; or (2) to develop a separate facility for girls
411 including, but not limited to, acquiring of land or buildings, designing,
412 constructing, reconstructing, improving or equipping said facility for
413 use by the Department of Children and Families.

414 Sec. 16. Subsection (b) of section 32-614 of the general statutes is
415 repealed and the following is substituted in lieu thereof:

416 (b) The proceeds of the sale of said bonds, to the extent of the
417 amount stated in subsection (a) of this section, shall be used as follows:
418 Three million dollars by the Department of Economic and Community
419 Development for a grant-in-aid to the Capital City Economic
420 Development Authority and the balance by the Office of Policy and
421 Management for a grant-in-aid to the Capital City Economic

422 Development Authority for the project costs of the convention center
423 project, [other than the project costs of the related parking facilities,] as
424 defined in section 32-651, and such portion of preliminary costs and
425 the project costs of site acquisition, site preparation and infrastructure
426 improvements related to other aspects of the overall project, all as
427 defined in section 32-651, as is determined jointly by the secretary and
428 the authority to be appropriately allocated to the convention center
429 facilities, subject to satisfaction of the conditions set forth in subsection
430 (a) of section 32-654.

431 Sec. 17. Section 10-292k of the general statutes is repealed and the
432 following is substituted in lieu thereof:

433 For purposes of funding interest subsidy grants, except for interest
434 subsidy grants made pursuant to subsection (b) of section 10-292m, the
435 State Treasurer is authorized and directed, subject to and in
436 accordance with the provisions of section 3-20, to issue bonds of the
437 state from time to time in one or more series in an aggregate amount
438 not exceeding [one hundred forty-four] two hundred two million one
439 hundred thousand dollars, provided [seventeen] thirty-one million
440 three hundred thousand dollars of said authorization shall be effective
441 July 1, 2000. Bonds of each series shall bear such date or dates and
442 mature at such time or times not exceeding thirty years from their
443 respective dates and be subject to such redemption privileges, with or
444 without premium, as may be fixed by the State Bond Commission.
445 They shall be sold at not less than par and accrued interest and the full
446 faith and credit of the state is pledged for the payment of the interest
447 thereon and the principal thereof as the same shall become due, and
448 accordingly and as part of the contract of the state with the holders of
449 said bonds, appropriation of all amounts necessary for punctual
450 payment of such principal and interest is hereby made, and the State
451 Treasurer shall pay such principal and interest as the same become
452 due. The State Treasurer is authorized to invest temporarily in direct
453 obligations of the United States, United States agency obligations,

454 certificates of deposit, commercial paper or bank acceptances, such
455 portion of the proceeds of such bonds or of any notes issued in
456 anticipation thereof as may be deemed available for such purpose.

457 Sec. 18. (NEW) The chief administrative officer of the department,
458 institution, or agency of the state responsible for any public works
459 construction project administered by the Department of Public Works
460 under section 4b-1 of the general statutes with an estimated cost of
461 more than ten thousand dollars and receiving any portion of its
462 funding from the proceeds of bonds issued under the State General
463 Obligation Bond Procedure Act shall file a report with the Secretary of
464 the State Bond Commission forthwith upon completion or acceptance
465 of any such construction project, and in no event later than ninety days
466 thereafter, which report shall provide the following information: (1)
467 The estimated total cost of the construction project, or the actual
468 amount of the project, if ascertainable; (2) the amount, if any, required
469 to be held in retainage and the reason for such retainage; and (3) the
470 amount of any bonds authorized by the State Bond Commission and
471 allotted by the Governor to such project which remains unexpended.
472 Such report may contain a recommendation to the secretary as to the
473 further use of any portion of such unexpended bond proceeds, which
474 recommendation may, in the discretion of the secretary and the
475 Governor, be referred to the next regular session of the General
476 Assembly. Absent such recommendation and referral to the General
477 Assembly, the State Bond Commission may authorize an unexpended
478 amount to be transferred in accordance with the provisions of
479 subsection (q) of section 3-20 of the general statutes or section 3-21b of
480 the general statutes or the secretary may, prior to any such transfer,
481 authorize the expenditure of such amount for any emergency purpose
482 approved in accordance with the provisions of subsection (c) of section
483 4b-52 of the general statutes. The chief administrative officer of the
484 department, institution, or agency of the state shall also file a report
485 with the cochairpersons of the joint standing committee of the General
486 Assembly having cognizance of matters relating to finance, revenue

487 and bonding on or before January 1, 2002, and every year thereafter,
488 on any such projects which have been reported to the Secretary of the
489 State Bond Commission.

490 Sec. 19. (NEW) (a) For the purposes described in subsection (b) of
491 this section, the State Bond Commission shall have the power, from
492 time to time, to authorize the issuance of bonds of the state in one or
493 more series and in principal amounts not exceeding in the aggregate
494 forty million dollars, provided twenty million dollars of said
495 authorization shall be effective July 1, 2001, and twenty million dollars
496 of said authorization shall be effective July 1, 2002.

497 (b) The proceeds of the sale of said bonds, to the extent of the
498 amount stated in subsection (a) of this section, shall be used by the
499 Department of Economic and Community Development for a Small
500 Town Economic Assistance Program the purpose of which shall be to
501 provide grants-in-aid to any municipality which (1) is not
502 economically distressed within the meaning of subsection (b) of section
503 32-9p of the general statutes, does not have an urban center in any plan
504 adopted by the General Assembly pursuant to section 16a-30 of the
505 general statutes, and is not a public investment community within the
506 meaning of subdivision (9) of subsection (a) of section 7-545 of the
507 general statutes, (2) has a population, as defined in subdivision (27) of
508 section 10-262f of the general statutes, under thirty thousand, and (3)
509 ranks from sixty-eight to one hundred sixty-nine, inclusive, when all
510 towns are ranked in descending order from one to one hundred sixty-
511 nine based on their adjusted equalized net grand list per capita, as
512 defined in subdivision (5) of section 10-261 of the general statutes.
513 Such grants shall be used for purposes for which funds would be
514 available under section 4-66c of the general statutes.

515 (c) All provisions of section 3-20 of the general statutes, or the
516 exercise of any right or power granted thereby, which are not
517 inconsistent with the provisions of this section are hereby adopted and

518 shall apply to all bonds authorized by the State Bond Commission
519 pursuant to this section, and temporary notes in anticipation of the
520 money to be derived from the sale of any such bonds so authorized
521 may be issued in accordance with said section 3-20 and from time to
522 time renewed. Such bonds shall mature at such time or times not
523 exceeding twenty years from their respective dates as may be provided
524 in or pursuant to the resolution or resolutions of the State Bond
525 Commission authorizing such bonds. None of said bonds shall be
526 authorized except upon a finding by the State Bond Commission that
527 there has been filed with it a request for such authorization which is
528 signed by or on behalf of the Secretary of the Office of Policy and
529 Management and states such terms and conditions as said commission,
530 in its discretion, may require. Said bonds issued pursuant to this
531 section shall be general obligations of the state and the full faith and
532 credit of the state of Connecticut are pledged for the payment of the
533 principal of and interest on said bonds as the same become due, and
534 accordingly and as part of the contract of the state with the holders of
535 said bonds, appropriation of all amounts necessary for punctual
536 payment of such principal and interest is hereby made, and the State
537 Treasurer shall pay such principal and interest as the same become
538 due.

539 Sec. 20. Subsection (a) of section 32-616 of the general statutes is
540 repealed and the following is substituted in lieu thereof:

541 (a) For the purposes described in subsection (b) of this section the
542 State Bond Commission shall have power, from time to time but in no
543 case later than June 30, 2005, to authorize the issuance of bonds of the
544 state, in one or more series and in principal amounts and in the
545 aggregate not exceeding one hundred [fifteen million] eleven million
546 one hundred thousand dollars and such additional amounts as may be
547 required in connection with the costs of issuance of the bonds
548 including bond anticipation, temporary and interim notes, the
549 proceeds of which shall be used by the State Treasurer to pay the costs

550 of issuance, provided in computing the total amount of bonds which
551 may at any one time be outstanding, the principal amount of any
552 refunding bonds issued to refund bonds shall be excluded.

553 Sec. 21. Subdivision (2) of subsection (b) of section 32-616 of the
554 general statutes is repealed and the following is substituted in lieu
555 thereof:

556 (2) For the riverfront infrastructure development and improvement
557 project, not exceeding [twenty-five million] twenty-one million one
558 hundred thousand dollars provided no amount shall be issued under
559 this subdivision until the Commissioner of Economic and Community
560 Development certifies to the State Bond Commission that it has
561 received a commitment by agreement, contract or other legally
562 enforceable instrument with private investors or developers for a
563 minimum private investment equal to the amount of bonds at the time
564 such bonds are issued pursuant to this subdivision taken together with
565 any previous commitments; and provided further, twelve million
566 dollars of said authorization shall be effective July 1, 1999, and [seven
567 million] three million one hundred thousand dollars of said
568 authorization shall be effective July 1, 2001.

569 Sec. 22. This act shall take effect from its passage, except that
570 sections 1 to 17, inclusive, and sections 19 to 21, inclusive, shall take
571 effect July 1, 2001.

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Cost

Affected Agencies: Various Agencies

Municipal Impact: Revenue Gain

Explanation**State Impact:**

The bill authorizes a total of \$547.7 million in General Obligation (GO) in FY 02. The interest cost to bond this amount over 20 years, assuming a 5.25% interest rate is \$301.9 million.

The bill authorizes a total of \$873.3 million in General Obligation (GO) in FY 03. The interest cost to bond this amount over 20 years, assuming a 6.00% interest rate is \$550.2 million.

The bill authorizes a total of \$81.0 million in Clean Water Fund revenue bonds in FY 02 and \$158.0 million in FY 03. The interest cost to bond \$81 million over 20 years, assuming a 5.4% interest rate, is \$45.9 million. The interest cost to bond \$158 million over 20 years, assuming a 6.15% interest rate, is \$102.0 million. The debt service cost of Clean Water Fund revenue bonds is partially offset by revenue from: (1) investment earnings on the bond reserve fund required by statute, and (2) loan payments from towns who receive Clean Water Fund low-interest loans. This reduces the effective interest rate for the General

Fund to an estimated 1.65% in FY 00 and 2.40% in FY 01.

Sale of Workers Compensation Liability

The budget bill favorably reported by the Appropriations Committee (sHB 6668) transfers about 700 state employee Workers' Compensation (WC) cases to a private insurer at a cost of \$80 million in bond funds, and \$24.4 million in debt service cost on 10-year bonds. Essentially, the state will be insuring for its most serious WC cases, while remaining self-insured for the vast majority of less serious cases. These 700 cases are about 10% of the state's currently active WC cases, but they produce 25% of the current annual cost, and a similar amount of administrative effort.

This Loss Portfolio Arrangement (LPA) would cost 65 to 82 cents on the dollar, based on estimated savings of \$127 million to \$160 million in long-term liability, and costs that include debt service. The table below shows the General Fund and Transportation Fund budget savings and General Fund debt service costs reflected in sHB 6668, the budget bill favorably reported by the Appropriations Committee. The net savings are anticipated to be \$11.3 million in FY 02 and \$1.3 million in FY 03. Lesser savings are expected in the out years.

Fiscal Impact of Sale of Workers' Compensation Liability		
	FY 02	FY 03
Savings/Cost in sHB 6668	(\$ million)	
General Fund Saving	(12.6)	(12.6)
Transportation Fund Saving	(0.9)	(0.9)
Total Saving – All Funds	(13.5)	(13.5)
General Fund Debt Service Cost	2.2	12.2
Net Cost/(Saving)	(11.3)	(1.3)

Department of Children and Families

Expediting the construction of a juvenile girls training school is not anticipated to have a fiscal impact on the FY 02 or FY 03 operating budget of the Department of Children and Families because the facility will not be operational until FY 04. The impact in FY 04 cannot be determined at this time. The total bond authorization for the facility is \$20 million, which is composed of \$9 million in previously authorized bond funds and \$11 million authorized in sSB 212 for FY 02.

Office of Policy and Management

Capital Equipment Purchase Fund: The bill authorizes \$21 million in FY 02 and \$17 million in FY 03 to the Office of Policy and Management (OPM) for the Capital Equipment Purchase Fund (CEPF). These funds would be allocated to executive branch agencies (excluding higher education) to purchase equipment that costs over \$1,000 per unit and has a useful life of over five years. The table below shows the funding for these equipment items that has been removed from agency operating budgets in sHB 6668, the budget bill favorably reported by the Appropriations Committee. It should be noted that OPM is not obligated to provide these moneys to the agencies, since they would be provided through Bond Commission action, and the bond bill does not specify the distribution of funds by agency.

FY 02 and FY 03 Funding for the Capital Equipment Purchase Fund

STATE AGENCY	CEPF Funds Removed from Operating Budget		% Equipment from CEPF	
	<u>FY 02</u>	<u>FY 03</u>	<u>FY 02</u>	<u>FY 03</u>
Correction	\$4,118,133	\$3,568,969	93.4%	97.3%
Judicial	2,437,473	1,815,800	48.6%	45.3%
Social Services	1,944,000	1,944,000	99.9%	99.9%
Mental Health & Add Serv	1,812,809	1,515,063	99.9%	99.9%
Children & Families	1,345,000	707,000	99.2%	99.9%
Public Health	1,228,041	965,546	99.9%	99.9%
Public Safety	1,191,975	1,193,787	99.9%	99.9%

FY 02 and FY 03 Funding for the Capital Equipment Purchase Fund

STATE AGENCY	CEPF Funds Removed from Operating Budget		% Equipment from CEPF	
	<u>FY 02</u>	<u>FY 03</u>	<u>FY 02</u>	<u>FY 03</u>
Education	1,156,400	222,000	89.1%	78.6%
DEP	1,099,000	1,099,000	99.9%	99.9%
DMR	890,000	570,000	99.9%	99.8%
Revenue Services	556,260	386,000	99.8%	99.7%
Attorney General	454,000	105,000	99.8%	99.1%
Veterans' Affairs	302,600	134,100	99.3%	99.3%
DAS	289,000	269,000	99.7%	99.6%
Military	270,300	247,900	99.6%	99.6%
Public Defender	250,681	261,402	70.4%	77.8%
Special Revenue	227,180	84,180	99.6%	98.8%
Public Works	227,100	173,500	99.6%	99.4%
OPM	224,000	164,000	99.6%	99.4%
Criminal Justice	192,500	169,500	23.6%	30.4%
Fire Prevention	178,500	269,500	99.4%	99.6%
POST	171,327	86,000	99.4%	98.9%
St Library	159,200	124,200	99.4%	99.2%
CHRO	134,000	146,500	99.3%	99.3%
DECD	128,500	121,725	99.2%	99.2%
Secretary of State	99,000	94,500	99.0%	99.0%
Medical Examiner	90,800	84,800	92.4%	91.9%
Ag Experiment Station	81,600	104,500	98.8%	99.1%
Charter Oak St Coll	81,500	51,500	100.0%	100.0%
Labor	75,335	122,492	97.4%	98.4%
Health Care Access	48,000	48,000	96.0%	96.0%
Blind	44,633	98,958	97.8%	99.0%
Parole	43,501	44,112	71.4%	72.6%
Agriculture	42,100	21,900	97.7%	95.6%
Consumer Protection	38,500	122,500	97.5%	99.2%
Teachers' Retirement Bd	37,000	46,000	97.4%	97.9%
Protection & Advocacy	36,000	35,000	95.2%	97.2%
DHE	34,000	33,500	97.1%	97.1%
Treasurer	23,000	23,000	95.8%	95.8%
Freedom of Information	21,600	16,900	95.6%	94.4%
Elections	18,500	9,500	94.9%	90.5%

FY 02 and FY 03 Funding for the Capital Equipment Purchase Fund

STATE AGENCY	CEPF Funds Removed from Operating Budget		% Equipment from CEPF	
	<u>FY 02</u>	<u>FY 03</u>	<u>FY 02</u>	<u>FY 03</u>
Governor's Office	16,700	12,900	99.4%	99.2%
Child Advocate	13,000	3,000	92.9%	75.0%
Properties Review Bd	8,000	0	88.9%	0.0%
Information Tech	6,500	6,500	86.7%	86.7%
Historical Comm	6,200	9,000	86.1%	90.0%
Judicial Selection	5,100	0	98.1%	0.0%
Victim Advocate	5,000	10,000	62.5%	90.9%
Lt Governor	4,900	4,900	98.0%	98.0%
Comptroller	3,000	3,000	75.0%	75.0%
Firearms Permit	1,000	500	50.0%	33.3%
Insurance Purch Bd	0	2,000	0.0%	66.7%
Psychiatric Sec. Rev. Bd.	0	3,000	0.0%	75.0%
TOTAL - GENERAL FUND	\$21,872,448	\$17,355,634	85.1%	85.7%
TOTAL - Five Criminal Justice Agencies *	\$7,047,288	\$5,869,783	46.8%	46.3%
TOTAL - All Other State Agencies	\$14,825,160	\$11,485,851	97.5%	98.6%

* Judicial, Public Defender, Criminal Justice, Parole, and Victim Advocate.

Adriaen's Landing: The bill also permits bond funds authorized for the construction of a convention center at Adriaen's Landing to also be used for the construction of parking facilities related to the project. This provision has no impact on the agency's operating budget.

Department of Economic and Community Development

It is anticipated that administration of the Small Town Economic

Assistance Program can be handled within normal budgetary resources.

Municipal Impact:

The bill provides Urban Act authorizations of \$130 million in each of FY 02 and FY 03 to the Office of Policy and Management (OPM) and \$2 million in each of FY 02 and FY 03 to the Department of Economic and Community Development. It also establishes the Small Town Economic Assistance Program under OPM and provides \$20 million for the program in each of FY 02 and FY 03. Bond funds from the Urban Act and Small Town Economic Assistance Program may be used to finance grants-in-aid to municipalities.

The bill provides local capital improvement (LOCIP) authorizations of \$30 million in each of FY 02 and FY 03 for grants-in-aid to municipalities.

The bill authorizes Clean Water Fund General Obligation bonds for grants to municipalities, of \$40 million in each of FY 02 and FY 03. It also authorizes Clean Water Fund revenue bonds for low-interest loans to municipalities, of \$81 million in FY 02 and \$158 million in FY 03.

The bill authorizes bonds to finance the principal portion of school construction grants-in-aid to municipalities of \$167 million in FY 02 and \$572 million in FY 03. It also authorizes bonds for the interest portion of school construction grants-in-aid to municipalities of \$26.7 million in FY 02 and \$31.3 million in FY 03. In addition sHB 6668, the budget bill favorably reported by the Appropriations Committee, provides \$35 million from the projected FY 01 General Fund surplus (\$22.1 million in FY 02 and \$12.9 million in FY 03) for school construction grants to towns.

OFA Bill Analysis

sSB 1152

AN ACT INCREASING CERTAIN BOND AUTHORIZATIONS FOR CAPITAL IMPROVEMENTS AND CONCERNING CERTAIN UNEXPENDED BOND PROCEEDS.**SUMMARY:**

The bill does the following:

It authorizes the issuance of \$547.7 million in General Obligation (GO) bonds in FY 02 and \$873.3 million in FY 03 (see Further Explanation below).

It authorizes the issuance of \$81.0 million in Clean Water Fund revenue bonds in FY 02 and \$158.0 million in FY 03 (see Further Explanation below).

It cancels \$3.9 million in GO bonds (see Further Explanation below).

Section 8 changes the statutory allocation formula for private activity bonds as indicated in the following table. See Comments below for additional information on private activity bonds.

Statutory Percentages for Private Activity Bond Allocations		
Agency	Current Law	sSB 1152
Connecticut Housing Finance Authority	40%	60%
Connecticut Development Authority	32%	15%
Municipalities & contingencies	28%	15%
CT Higher Educational Supplemental Loan Authority	0	<u>10%</u>
Total	100%	100%

Section 9 eliminates the State Private Activity Bond Commission and requires the State Bond Commission to oversee all matters relating to private activity bonds. See Comments below for additional information on the Private Activity Bond Commission.

Sections 11 – 13 authorize the Department of Administrative Services to enter into a loss portfolio arrangement program that transfers a group of workers' compensation claims to an independent third party. The claims that qualify for transfer are those that require payment of future indemnity benefits and payment of medical benefits to certain types of disabled workers. The independent third party is required to assume liability for the claims, to be responsible for managing and administering the transferred liability and for administering individual workers' compensation claims in accordance with state general statutes. The bill provides \$80 million in GO bonds, which may be issued for up to 10 years, to fund the sale of the claims.

Section 14 requires the state to deposit to a debt retirement reserve account all litigation settlement payments that are related to financing secured by a special Capital Reserve Fund. This account is to be used by the state treasurer for the purpose of preventing a draw on a special Capital Reserve Fund.

Section 15 gives the Commissioner of Public Works the authority to designate the Department of Children and Families' (DCF) facility for juvenile girls as an expedited or "fast-tracked" construction project (see Comments below).

Section 16 permits bond funds authorized for the construction of a convention center in Hartford to also be used for the construction of parking facilities related to the project.

Section 18 requires any agency that receives General Obligation bond funds for a construction project that is (a) administered by the Department of Public Works, and (b) has a total cost over \$10,000, to file a report with the Office of Policy and Management (OPM) at the completion of the project. The report must include: (a) the estimated or actual cost of the project, (b) the amount of funds that the agency must retain and the reason for retaining them, and (c) the amount of bond funds allotted for the project that remain unexpended. The chief administrative officer of the agency must also file a report with the Finance, Revenue and Bonding Committee on any project reported to OPM, effective 1/1/02 and every year thereafter.

Section 19 establishes the Small Town Economic Assistance Program to provide grants-in-aid to towns that: (a) do not meet the Urban Action Program criteria for being economically distressed, having an urban center or being a public investment community, (b) have a population under 30,000, and (c) rank from 68 to 169 when all towns are ranked in descending order of their adjusted equalized net grand list per capita. The grants-in-aid may be used for the same purposes as those provided under the Urban Action Program. The Department of Economic and Community Development administers the program. It is funded with \$20 million in each of FY 02 and FY 03.

EFFECTIVE DATE: Upon Passage

FURTHER EXPLANATION

The table below shows the agencies, purposes, amounts and section numbers for the bond authorizations and cancellations in the bill:

Agency/Description <u>Increased Authorizations/Cancellations</u>	Bond Authorization (\$ millions)	
	FY 02	FY 03
<u>Increased Authorizations</u>		
<u>Department of Economic and Community Development</u>		
Urban Action Grants Section 1	2.0	2.0
Manufacturing Assistance Act Section 10	30.0	30.0
Small Town Economic Assistance Program Section 19	20.0	20.0
<u>Office of Policy and Management</u>		
Urban Act Grants Section 1	130.0	130.0
Capital Equipment Purchase Fund (CEPF) Section 2	21.0	17.0
Local Capital Improvement Projects (LOCiP) grants-in-aid Section 3	30.0	30.0
<u>Department of Environmental Protection</u>		
Clean Water Fund General Fund GO Bonds	40.0	40.0

Agency/Description <u>Increased Authorizations/Cancellations</u>	Bond Authorization (\$ millions)	
	FY 02	FY 03
Section 6		
Clean Water Fund Revenue Bonds	81.0	158.0
Section 7		
<u>Department of Agriculture</u>		
Agricultural land preservation	1.0	1.0
Section 5		
<u>Department of Education</u>		
Local School Construction - Principal	167.0	572.0
Section 4		
Local School Construction - Interest	26.7	31.3
Section 17		
<u>Department of Administrative Services</u>		
Workers' Compensation Program (10 year maturity)	<u>80.0</u>	<u>0.0</u>
Sections 11-13		
Total GO Bonds	547.7	873.3
Total Revenue Bonds	81.0	158.0
Cancellations/Reductions		
<u>Department of Economic and Community Development</u>		
Riverfront infrastructure development in Hartford	(3.9)	0.0
Section 21		

BACKGROUND

Private Activity Bonds

Private activity bonds are revenue bonds issued by quasi-public authorities or municipalities on the credit of a private borrower or a pool of borrowers. The bonds are not a state obligation because the private borrowers pay the debt service.

The PABC is composed of fifteen members or their designees: the Governor, the Treasurer, the Secretary of OPM, and the Senate and House Chairmen and ranking members of the Finance, Revenue and Bonding Committee, Planning and Development Committee and the Commerce Committee. The Office of Policy and Management (OPM) is

given the authority to reallocate funds for any appropriate use up to the dollar amount of the 10% allocated for contingencies. The main purpose of the PABC is to reallocate bond funds when the amount called for is above the dollar figure over which OPM has discretionary authority.

Fast-Track Construction of the DCF Juvenile Girls Training Facility

Projects that are given expedited or “fast-tracked” construction status are exempt from (1) State property conveyance laws, (2) environmental quality reporting, impact evaluation and protection studies, (3) State Traffic Commission certification, (4) energy performance standards, (5) commissioner of agriculture review, and (5) standard bidding, selection, and review processes for architects and construction contracts.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 44 Nay 1